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LB 407, 1111, 1144

bill. For the county and school plans, LB 1111 changes the late processing fee from a maximum of \$50 to 10 percent of the amount to be remitted. For each of the five systems, LB 1111 updates the definition of "eligible retirement plan" to coincide with new federal rules and changes for eligible rollover distributions, and trustee-to-trustee transfers pursuant to the Economic Growth and Tax Reduction (sic--Relief) Reconciliation Act of 2001, known by those in the know as EGTRRA. For the school's retirement system, LB 1111 clarifies the definition of "final average compensation". The final change proposed would enable PERB to determine the timespan between compliance audits rather than the current every four years requirement found in statute. The most recent compliance audit, 2002, showed that NPERS was in compliance with the federal laws pertaining to qualified pension plans. Compliance auditors commented that, based on NPERS' knowledge of federal law, its procedures and the status of the retirement plans, it was not necessary to have a compliance audit every four years. The most recent audit cost was \$100,000, and so NPERS realizes that, while it's their fiduciary duty to have compliance audits done, they'd prefer to save the state money and not do it any more often than necessary. Committee amendment changes the 10 percent rule, or it was inadvertently struck from the statute during drafting and needs to be amended back into the bill. And the committee also amended LB 1111 to require that the administrative late fee of \$25, in addition to a late fee of no more than 14 percent per annum of the amount required to be submitted, and that the proceeds from the interest may be used to reimburse the employee for any interest they may have been deprived of due to the delay. The final bill is LB 1144, Senator Bourne's bill, applies to the Omaha School Employees' Retirement System and, like LB 1111, it makes changes pursuant to EGTRRA. These changes permit rollover contributions to be accepted from tax sheltered annuities, individual retirement accounts and 457(b), governmental deferred compensation plans for the purchase of service credits. Direct transfers from 457(b) plans are now authorized. These changes do not expand the types of service credits that can be purchased, and they only permit the Omaha School Employees' Retirement System to accept funds from additional forms of tax deferred retirement savings accounts. So that's the summary of LB 407. That's a summary of the committee